

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT:
May 2007 PROJECT PIPELINE UPDATE

International copyright U.S. & Foreign Commercial Service and U.S. Department of State, 2006. All rights reserved outside of the United States.

This report was last updated on **June 7, 2007**. The information contained on this report will reflect the status of each project and new project entries.

Table of Contents:

- I Introduction and Guide to EBRD's Project Pipeline
- II Projects for Board Consideration
- III Additional Information and Assistance
 - a. U.S. Commercial Service Liaison to the EBRD
 - b. BISNIS

I. INTRODUCTION AND GUIDE TO EBRD'S PROJECT PIPELINE:

Project finance is the EBRD's core business. The EBRD has committed more than €22.7 billion (about \$29 billion) to both private and state sector projects. All projects provide a number of procurement opportunities. U.S. companies can access information about EBRD's projects through the EBRD's website www.ebrd.com/oppor/procure/opps/index.htm.

The interval between identification of a project and its approval varies in every case. Each entry in the Project Pipeline identifies the status of a particular project in the project cycle.

After loans are approved, entries are dropped from the Project Pipeline and appear on the Projects Approved page of the EBRD's website.

We would like to draw U.S. companies' attention to the difference between state sector projects, which are followed with international tendering processes, versus procurement under private sector projects, which are completed by the EBRD's client. With procurement under private sector projects, it would be important to contact the EBRD's client directly.

Inclusion of a project in the Bank's Project Pipeline does not imply any commitment on the part of the Bank to finance the project.

New projects, which appear in the Project Pipeline for the first time, are indicated by the abbreviation (N) before the project name. For additional information on any of these projects, interested parties are requested to contact the executing agencies directly and NOT the European Bank.

II. PROJECTS SCHEDULED FOR BOARD CONSIDERATION:

	Project name	Country	Date disclosed
A.	General Motors Russian Assembly Plant	Russia	31 May 2007
B.	Nectar	Serbia	30 May 2007
C.	Albania: Levan-Vlore Road Project	Albania	22 May 2007
D.	Agroinvest	Ukraine	18 May 2007
E.	RESO Insurance Equity Investment	Russia	17 May 2007
F.	Basis Bank - SME Loan	Georgia	8 May 2007
G.	KazInvestBank - Equity Investment	Kazakhstan	1 May 2007
H.	Kazkommertsbank Syndicated Loan	Kazakhstan	1 May 2007

A.

Project name: General Motors Russian Assembly Plant
Country: Russia
Project number: 36882
Business sector: General manufacturing
Public/Private: Private
Environmental category: B
Board date: 10 July 2007
Status: Passed concept review, Pending final review
Date PSD disclosed: 31 May 2007

Date PSD updated:

Project description and objectives:

The proposed project is the construction and operation of a green field vehicle assembly facility in Shushary, St. Petersburg.

Production of SKD vehicles has already begun and the facility is scheduled to start production in November 2008. The output will be sold via the existing Sponsor's distribution network in Russia.

Transition impact:

The Bank will expand investment with a foreign sponsor that is demonstrating high standards of business conduct by pro-actively assisting the expansion of its investment into the Russian market. FDI inflows are a key channel to narrow the technological gap with the West and a source for transfer of know-how, managerial, marketing and other skills.

- **Transfer and dispersion of skills**

GM is a quality player and has contributed enormously to developments within the auto sector through its operation in Togliatti with Avtovaz and EBRD and in setting up the first national sales company in 2000 which was followed by other OEMs. The Project will channel international best-practice techniques and know how as well as crucial managerial, organisational, financial, environmental protection and other skills into the Russian automotive sector well beyond the boundaries of the project entity itself. GM will employ and train 1,000 employees in St. Petersburg who will be skilled and available to skill up the Russian automotive industry.

- **Expansion of markets in other sectors**

This Project will also provide linkages with suppliers and distribution and after-sales companies. A larger cluster of foreign OEM's in St. Petersburg will also attract internationally qualified suppliers. The natural movement to reduce cost will be localising larger items with local suppliers. The Russian auto component manufacturing industry is highly concentrated and there has been little money available for R&D and upgrading production facilities. This situation is slowly changing as the proportion of components sourced locally is gradually increasing. The

Russian Government seeks to motivate auto manufacturers to source domestically. The Project will channel otherwise inaccessible international best practice technologies and know-how as well as crucial managerial, organisational, marketing, financial, environmental protection and other skills into the Russian automotive sector beyond the boundaries of the Project. The recipients of this technology and skill transfer will be the Company and the existing and new suppliers and client companies of the Project who will benefit from new procurement standards set by the Company and from technological linkages including supplier tooling and training programmes.

The client:	LLC General Motors Auto ("Company"), a limited liability company organised in the Russian Federation, a 100% indirect subsidiary of General Motors Corporation, a company organised in Delaware, USA ("GM" or the "Sponsor").
EBRD finance:	The Bank will arrange up to USD 150 million senior secured A/B loan (the "Loan"), of which up to USD 120 million will be syndicated to commercial bank(s).
Total project cost:	USD 300 million.
Environmental impact:	The result of an Initial Environmental Examination (IEE) concluded that the proposed project is unlikely to be associated with significant environmental issues and the project was therefore screened B/O. An Environmental Analysis, including an environmental assessment by independent consultants; a site visit by the Bank's Environmental Specialist along with relevant counterparts at GM, confirmed that all of the new production facilities will be constructed and operated to GM's high environmental standards and will be in compliance with similar plants in Europe and best international environmental practice. New plant and equipment, produced to EU standards, will be commissioned under the supervision of GM and new passenger car production facilities will meet EU environment and health and safety regulations. All environment and safety standards for vehicles, including vehicle emissions and fuel efficiency will meet EU and GM standards. General Motors also sets very high

environmental, health and safety standards for its suppliers. An environmental action plan (EAP) is being developed by GM and includes the implementation of an EMS (ISO 14001); design and implementation of VOC abatement and any other operations falling under EU IPPC requirements. The Environmental Impact Assessment (OVOS) process has been completed and the Company are currently awaiting the final approval from the City Environmental Authorities.

Technical cooperation:

None.
For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Richard Swando
E-mail: richard.swando@ru.gm.com
Website: <http://www.generalmotors.ru/>

EBRD contact:

Duncan Senior, Operation Leader:
seniord@stp.ebrd.com

Business opportunities:

For business opportunities or procurement, contact the client company.

B.

Project name:	Nectar
Country:	Serbia
Project number:	37990
Business sector:	Agribusiness
Public/Private:	Private
Environmental category:	C
Board date:	10 July 2007
Status:	Passed concept review, Pending final review
Date PSD disclosed:	30 May 2007
Date PSD updated:	

Project description and objectives:	The Bank's financing will consist of up to EUR 10 million in the form of a senior secured long-term debt. EBRD funds will be used for further expansion of the Company's business, especially the expansion of the direct distribution network, accompanied with related advertising costs as well as for the optimisation of financing costs to provide a stable capital base and allow reserves for further growth.
Transition impact:	Development of distribution network accompanied with brand development of locally produced products and improvement of funding base are the main objectives of the Project. Through success of the Project, the Company will further develop backward linkages with farmers, particularly in less developed regions. Successful implementation of the Project will lead to greater penetration of the local market and assist the Company in concurring export markets. Through further development of distribution and logistics as a result of the Project, the Company will be in better position to pass good practice through to distributors and buyers (and may encourage similar practices by the competition).
The client:	Nectar is a limited liability company incorporated in Serbia. The Company has developed several production programs, in which the production of fruit juices and nectars has priority, and the production of fruit marmalades, syrups, fruit brandies, apple vinegar and vegetable products follows.
EBRD finance:	EUR 10 million long-term loan.
Total project cost:	EUR 50 million.
Environmental impact:	The project is screened C/1 and is likely to result in minimal adverse environmental impacts. The environmental questionnaire prepared by ED has been sent to the sponsors. Based on the questionnaire results, ED will decide whether further due diligence is necessary or not.
Technical cooperation:	None. For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants .
Company contact:	Bojan Radun, Nectar d.o.o Novi Sad, Serbia Tel: + 381 21 630 21 75

E-mail: bojan.radun@nectar.co.yu

EBRD contact: Miljan Zdrade, Operation Leader: zdralem@ebrd.com

Business opportunities: For business opportunities or procurement, contact the client company.

General enquiries: EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

C.

Project name: Albania: Levan-Vlore Road Project

Country: Albania

Project number: 37057

Business sector: Transport

Public/Private: Public

Environmental category: A

Board date: 24 July 2007

Status: Passed concept review, Pending final review

Date PSD disclosed: 22 May 2007

Date PSD updated:

Local language translation: [Përkthimi shqip](#) 

Date translation disclosed: 22 May 2007

**Project description
and objectives:**

The proposed project will support the construction of a 24km road section from Levan to Vlore, part of the north-south corridor, and Trans-European Corridor VIII.

Civil works will be co-financed with the European Investment Bank (EIB) and the Government of Albania. Donor funds from the Italian Development Cooperation have been provided for the preparation of detailed design and tender documents and supervision consultants.

Transition impact:

Transition impact builds on the enhancement of road financing arrangements through increased allocation of revenues to the road sector and restructuring of road sector operations to improve efficiency.

The client:	The Borrower is the Republic of Albania. The Project will be implemented by the Ministry of Public Works, Transport and Telecommunications and General Roads Directorate.
EBRD finance:	Estimated EUR 25 million (EBRD portion) Civil works will be co-financed with EIB. Supervision consultancy services will be financed by Italian Cooperation for Development.
Total project cost:	Estimated EUR 63 million.
Environmental impact:	<p>Screening categories and rationale for classification</p> <p>The project involves construction of a new 24.2 km road with 4-lanes from Levan to Vlore crossing the River Vjosa valley and along the edge of the Narta Lagoon. In accordance with EBRD Environmental Policy, the construction of a new road of four or more lanes, where such new road would be 10 km or more in a continuous length is classified in environmental category A. Moreover, the project is required to be classified as A category because it is to be carried out in a sensitive location within Vjosa-Narta Landscape Protected Area. For the above reasons, the project requires an Environmental Impact Assessment (“EIA”) and public consultation in accordance with the EBRD’s Category A project requirements.</p> <p>Information reviewed during the environmental appraisal</p> <p>An EIA has been prepared in accordance with the relevant EU Directives, Albanian regulations and EBRD requirements. The document has been reviewed by EBRD and will also be subject to an independent review to ensure compliance with EBRD requirements.</p> <p>Consideration of alternative routes and the selection of the route</p> <p>Initially the study considered whether it was feasible to adopt an alternative route that completely avoided the Vjose-Narta Protected Area. However a study of the area indicates that the protected area extends approximately three to four kilometres to the east of the existing road alignment in order to include the catchment area</p>

of the waters that feed the Narta Lagoon. The terrain to the east, and outside the Protected Area, is considerably higher and undulating, making it much more difficult and expensive to construct a road alignment through this area and would have greater impact on the human population. Finally any alternative road alignment considered to the east would have to enter within the protected area at the south-eastern corner of the protected area in order to link up with the existing roads which enter the city of Vlora. In view of this, alternative routes to the east and totally outside the protected area were not considered to be technically and economically viable alternatives.

During the Conceptual Study three alternatives were considered, including upgrading the existing road. The intrusion within the boundary of the protected area of Narta Lagoon is common to all the alternatives, including the "Do-Minimum" option. The intrusion is nevertheless marginal in respect to the principal objective values of protection and maintenance of the lagoon, such that the lagoon won't suffer changes and noticeable alterations to the protected area. The selected route has been selected, because it is better situated within the environmental context of the area and thus minimizes the environmental and socio-economic impacts. The selected route reduces the barrier effect on the area by careful reconnection of the intersected local roads, through provision of secondary roads, underpasses, roundabouts etc. which drastically reduces the phenomenon of uncontrolled crossing (currently a cause of numerous accidents). This route also avoids the unsafe mix of long-distance traffic with local traffic.

Key environmental issues and mitigation

The predicted impacts are to a large extent mitigated through technical solutions contained in the project design (constructed on viaduct in the areas of the flooding, etc.) and also through normal mitigation measures, such as landscaping, adequate drainage connections, careful avoidance of land severance, construction work planning, etc. In addition, an Environmental Management

Plan has been developed so as to mitigate the identified significant adverse impacts. An Executive Summary of the EIA providing a comprehensive description of the identified significant impacts and the planned mitigation measures is posted on the EBRD website (see below).

The identified significant environmental, health and safety and social issues, for which mitigation measures have been developed, are as follows:

- Archaeology and cultural heritage
- Landscape and visual amenities
- Relief, Geology and Soils
- Hydrology, Surface and Ground Water
- Habitat and Biodiversity
- Air Quality
- Noise
- Local Community and Socio-Economic Impacts, including
 - > Public utilities
 - > Health and safety
 - > Acquisition of land and other assets

Possible induced impacts through economical activities

One of the greatest concerns is the impact that the proposed road will have upon the Vjosa-Narta Landscape Protected Area. Therefore, specific attention has been placed on avoiding or minimising the impacts on this area in project design and in the Environmental Management Plan.

Disclosure of information and consultation

A Public Consultation and Disclosure Plan ("PCDP") has been prepared as part of the EIA process. The first phase of the consultation and disclosure was carried out during the initial public consultations held in September 2006 with the attendance of representatives of local authorities, residents and other interested parties in the affected areas in Novosela and Vlora. In the second phase of the public consultation and disclosure process, the Draft EIA was disclosed in the public domain on 9 March 2007. From this

date copies of the full draft EIA Report and copies the separate Executive Summary have been available for public's review at several different locations and on MPWTT website. The proposed road scheme and the conclusions of the EIA were presented to the stakeholders through public meetings held in Levan and Novosela on 24th and 25th March 2007. As the third phase, the Final EIA, adjusted with relevant comments and complaints, will be disclosed to public and a grievance mechanism will be set up in accordance with the PCDP.

Monitoring

An Environmental Monitoring Plan (EMP) has been developed as part of the EIA study in order to define the environmental monitoring measures and procedures that will need to be adopted and to identify those responsible for their implementation. The EMP defines the timing, frequency, duration and cost of monitoring measures in an implementation schedule and integrates these actions with the overall project work plan. The monitoring will be focused on the potential key impacts identified during the EIA to ensure the efficiency of the planned mitigation measures. The EBRD will evaluate the project's compliance with the applicable environmental and social requirements during the lifetime of the project by monitoring visits and reviewing annual environmental reports (AERs) prepared for the project.

There is an [Environmental Impact Assessment](#) available for this project.

Technical cooperation:

EUR 500,000 for the preparation of transition components.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

EBRD contact:

Donald Mishaxhi, Operation Leader:
mishaxhd@tir.ebrd.com

Procurement or tendering opportunities:

Visit [EBRD Procurement](#)
Enquiries: Tel: +44 20 7338 6794; Fax: +44 20 7338 7472, Email: procurement@ebrd.com

General enquiries:

EBRD project enquiries not related to

procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

D.

Project name: Agroinvest
Country: Ukraine
Project number: 37996
Business sector: Agribusiness
Public/Private: Private
Environmental category: C
Board date: 27 June 2007
Status: Passed concept review, Pending final review
Date PSD disclosed: 18 May 2007
Date PSD updated:

Project description and objectives:

The proposed project will support the Company's efforts to develop its own storage capacities by developing a new grain storage facility in Ukraine, which will improve the quality of grains under storage, reduce reliance on third parties and substantially cut operating costs. The project is part of the integrated primary agriculture production facility put in place in Ukraine by the Sponsor and currently including 22,500 ha of arable land. Furthermore the Project will facilitate the Company's primary agriculture activities as well linkages with local farming community.

Transition impact:

Transition impact derives from supporting a cross border investment into an agricultural sector in Ukraine, including primary agriculture and silo facility. In addition, backward linkages will be created and strengthened by increased relationship with the local farming community. Furthermore, forward linkages will be strengthened through increase of the quality and quantities of the agricultural crop through development of the modern primary agriculture. Finally, the Bank will continue to assist in a policy dialogue in order to assist in implementation of the warehouse receipt

programme.

The client:

Agroinvest, a company incorporated in Ukraine and owned by the Sponsor-Agriholding, a part of MK Group. Agroinvest will be involved in managing agricultural land, primary agriculture, grain trading and silo operations.

EBRD finance:

EUR 10 million.

Total project cost:

EUR 39 million.

Environmental impact:

The project is screened B/1. Environmental impacts associated with the construction and operation of modern silo storage facilities are limited and can be readily identified through an environmental analysis. However, the Company is involved in primary agriculture and there may be potential ESHS issues such as excessive use of water resources for irrigation; soil degradation due to poor soil management; use of pesticides and fertilisers; soil and groundwater contamination due to storage of pesticides, fertilisers or other hazardous chemicals; - Genetically Modified Organisms (GMOs); - generation of crop residues and solid waste; fire risk; and - labour issues. Therefore, an environmental audit is needed to establish the potential risks and liabilities associated with the current operations and assets of the Company particularly in relation to primary agriculture. ED will be visiting the site for due diligence.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Zeljko Erceg, Agroinvest,
Kiev, Ukraine
Tel/Fax: +380 44 522 97 80
E-mail: zeljko_erceg@agroinvest.com.ua

EBRD contact:

Vedrana Jelusic, Operation Leader:
jelusicv@zgb.ebrd.com

Business opportunities:

For business opportunities or procurement, contact the client company.

E.

Project name: RESO Insurance Equity Investment

Country: Russia

Project number: 36999

Business sector: Non-bank financial institutions

Public/Private: Private

Environmental category: FI

Board date: 17 April 2007

Status: Signed

Date PSD disclosed: 17 May 2007

Date PSD updated:

Project description and objectives:

The European Bank for Reconstruction and Development is acquiring a stake of 10% in RESO Garantia (the "Company"), a leading Russian insurance company.

The main objectives of the project are to i) complete the restructuring of the Company's operations and its capital base and ii) for the Bank to support the ongoing development of the Company and the Russian insurance market.

Transition impact:

The proposed transaction will provide further support to increasing non-life insurance penetration rates (currently non-life premiums are approximately 1.1% of GDP versus approximately an average of 2.1 % in CEE and 3.1% in Western Europe).

The EBRD's investment will also help the Company in its aims of

i) leading developments in increasing market transparency and best practice; and

ii) preparing for a potential future market offering.

The EBRD will nominate its representative to the Board of the Company.

The client:

RESO Garantia is the third largest insurance group in Russia (measured by gross premiums in 2006). RESO provides a wide range of insurance products to corporate and retail clients, but focuses on retail business. The Company is a leading provider of motor, property, accident and health and liability insurance.

EBRD finance:	An equity investment of the rouble equivalent of at least USD 150 million (EUR 110 million). The final size of the EBRD investment will be subject to further adjustments, depending on the price achieved by RESO Garantia and its shareholders in their possible future public stock market offering.
Total project cost:	At least USD 150 million (EUR 110 million).
Environmental impact:	The Company will be required to adopt and implement the EBRD's Environmental Guidelines for the Insurance Sector. This will enable the Company to manage any potential environmental risks that may arise in relation to both the insurance and investment portfolio. The Guidelines will require the Company, inter alia, to comply with the EBRD's Environmental Exclusion and Referral List for FIs and to submit annual environmental reports to the Bank.
Technical cooperation:	None. For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants .
Company contact:	Irina Rybalchenko, Investor Relations Officer RESO Garantia Gasheka street 12, building 1 Moscow 125047 Russia Tel: + 7 (495) 232-40-41 E-mail: investors@reso.ru
EBRD contact:	Alasdair Macdougall, Operation Leader: macdougall@ebrd.com
Business opportunities:	For business opportunities or procurement, contact the client company.

F.

Project name:	Basis Bank - SME Loan
Country:	Georgia
Project number:	37168
Business sector:	Equity in banks
Public/Private:	Private
Environmental	FI

category:

Board date:

Status: Passed concept review, Pending final review

Date PSD disclosed: 8 May 2007

Date PSD updated:

Project name: Basis Bank - SME Loan

Country: Georgia

Project description and objectives: The proposed project is aimed to enable Basis Bank to increase its medium-term lending to small and medium sized enterprise sector.

Transition impact: Further promotion of the SME development in the country. By supporting Basis Bank and increasing the term funding available to the SME sector, the EBRD contributes to private sector development in Georgia. This leads to increased competition and entrepreneurship promotion. Assistance in further development of one of Georgia's medium-sized banks. It is important for the EBRD to support a bank, which has been enjoying a healthy reputation in this early transition market and promote further competition in the banking sector.

The client: Joint stock company Basis Bank, founded in 1993, is the 9th largest private commercial bank in Georgia in terms of total assets (USD 47.7 million) and capital (USD 9.9 million) focusing on SME financing.

EBRD finance: EBRD financing will consist of a USD 3 million five-year SME senior loan.

Total project cost: USD 3 million.

Environmental impact: Screened FI. Basis Bank shall comply with Georgian national environmental, health, safety and labour regulations and standards, and with the Core Labour Conventions of the International Labour Organisation related to child and forced labour and discrimination at work. Basis Bank shall also incorporate into its credit appraisal process and implement EBRD Environmental Procedures for Financial Intermediaries, nominate a senior member of management responsible for implementation of the Environmental Procedures and, provide for the environmental and social risk management training for its staff. Basis bank shall also

	submit Annual Environmental Report to the EBRD in a format and contents satisfactory to the Bank.
Technical cooperation:	None. For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants .
Company contact:	Zurab Tsikhistavi, General Director 41, Chavchavadze ave, Tbilisi 0179 Georgia Tel : (99532) 921921/ 922922 Fax: (99532) 915017 Email: info@basisbank.ge Website: www.basisbank.ge
EBRD contact:	Murtaz Kikoria, Operation Leader: kikoriam@tbl.ebrd.com
Business opportunities:	For business opportunities or procurement, contact the client company.

G.

Project name:	KazInvestBank - Equity Investment
Country:	Kazakhstan
Project number:	37602
Business sector:	Equity in banks
Public/Private:	Private
Environmental category:	FI
Board date:	14 May 2007
Status:	Board approved, Pending signing
Date PSD disclosed:	1 May 2007
Date PSD updated:	
Project name:	KazInvestBank - Equity Investment
Country:	Kazakhstan
Project description and objectives:	The proposed project is designed to provide capital to support KIB's growth strategy, including the bank's regional expansion plans and the development of its retail and SME lending operations.
Transition impact:	The project will provide KazInvestBank with capital and

financial resources needed for implementation of the bank's medium-term strategy with a particular focus on regional expansion and lending to private sector SMEs and retail clients. Participation of EBRD in the bank's capital is expected to further strengthen its corporate governance, organisational structure, policies and procedures. In addition it should enhance the bank's profile in terms of attracting local and international commercial funding.

The client:	KazInvestBank ("KIB") is a mid-size bank in Kazakhstan with total assets of USD 198.9 million and total Tier 1&2 capital of USD 45.6 million as of 31 December 2006.
EBRD finance:	An equity investment by subscribing to newly-issued ordinary shares of KIB constituting up to 20% of the bank's total capital and voting rights.
Total project cost:	tbc
Environmental impact:	KazInvestBank will be required to adopt the EBRD's Environmental Procedures for Intermediated Financing through Local Banks and to apply these procedures to the whole range of its commercial lending operations. This includes adherence to the FI Environmental Exclusion and Referral List, compliance with the applicable national environmental, health and safety and labour legislation, appointment of a member of senior management with overall responsibility for the implementation of environmental procedures, and submission of annual environmental reports to EBRD.
Technical cooperation:	None. For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants .
Company contact:	Ms. Assel Kenchenbayeva, Head of FI Tel: +7 327 2619079 Fax: +7 327 2598658 E-mail: akenchenbayeva@kib.kz Website: www.kib.kz
EBRD contact:	Dariga Sambayeva, Operation Leader: sambayed@ata.ebrd.com
Business opportunities:	For business opportunities or procurement, contact the client company.
General enquiries:	EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

H.

Project name: Kazkommertsbank Syndicated Loan

Country: Kazakhstan

Project number: 37652

Business sector: Lending to banks

Public/Private: Private

Environmental category: FI

Board date: 14 May 2007

Status: Board approved, Pending signing

Date PSD disclosed: 1 May 2007

Date PSD updated:

Project name: Kazkommertsbank Syndicated Loan

Country: Kazakhstan

Project description and objectives: The proposed project consists of an A/B syndicated loan to Kazkommertsbank in an aggregate amount of up to USD 300 million for the development of mortgage lending in Kazakhstan and the diversification of the Kazakh economy by funding enterprises that are not engaged in the construction and the oil and gas sectors.

Transition impact: The transition impact of the project is expected to be achieved in the following main areas:

- Lengthening of syndicated loan maturity. The project will be aimed at extending the maturity of the syndicated B Loan from commercial banks for up to 5 years (while the EBRD A Loan will be for up to 7 years, while diversifying the sources of commercial funding. To date the longest syndicated loan attracted for any Kazakh bank has not exceeded 3 years.
- Financial intermediation and dedicated use of proceeds. The use of proceeds will be for

(i) financing of private non-construction and non-

oil sector corporate companies, which will support the diversification of the real sector of the Kazakh economy; and

(ii) residential mortgages for private individuals, which will comply with EBRD's Minimum Standards for Mortgage Loans.

The client:	Kazkommertsbank ("KKB") is the longest standing EBRD client in Kazakhstan. KKB is the largest bank in Kazakhstan with total assets of USD 19.2 billion and total BIS Tier 1+2 capital of USD 2.6 billion (IFRS) at year-end 2006. KKB has long-term ratings of BB+ from Standard & Poor's, Ba1 from Moody's and BB+ from Fitch.
EBRD finance:	Up to USD 100 million.
Total project cost:	Up to USD 300 million.
Environmental impact:	KKB is already implementing the Bank's Environmental Procedures for Local Banks under the equity operation and regularly reports on environment, health and safety matters to the Bank. The Bank's environmental consultants provided additional environmental due diligence training for Kazakh partner FIs, including KKB, in 2006. In relation to the new project, KKB will be required to continue to implement the Bank's Environmental Procedures for Local Banks and Environmental Procedures for Residential Mortgage Loans for the specific residential mortgage operation as well as to continue to submit annual environmental reports to the Bank.
Technical cooperation:	None. For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants .
Company contact:	Alfiya Aliyeva, Head of Structured Finance Kazkommertsbank Tel: +7 327 2 585 427 Fax: +7 327 2 585 237 E-mail: aaliyeva@kkb.kz
EBRD contact:	Tatyana Tyo, Operation Leader: tyot@ata.ebrd.com
Business	For business opportunities or procurement. contact the

opportunities: client company.

General enquiries: EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

III. ADDITIONAL INFORMATION AND ASSISTANCE:

- a. **US Advocacy Center-EBRD Liaison Office (AC-EBRD):** AC-EBRD is an integral part of U.S. representation at the EBRD with a mandate to increase the effectiveness of U.S. participation in the Bank's projects. For more information about project opportunities at the European Bank for Reconstruction and Development (EBRD) please contact:

Sanford Owens
Senior Commercial Officer
Sanford.Owens@mail.doc.gov

Gurjit Bassi
Commercial Specialist
Gurjit.Bassi@mail.doc.gov

Marc Liberati
Commercial Assistant
Marc.liberati@mail.doc.gov

At the Advocacy Center - EBRD Liaison Office
Tel: 44-20-7588-8490, fax: 44-20-7588-8443.
Web: www.buyusa.gov/ebrd

Note: AC-EBRD can offer its services only to US companies. EBRD procurement opportunities can be viewed at www.ebrd.com/oppo/procure/ops/index.htm. An updated list of EBRD publications can also be found on the main website www.ebrd.com

- b. **BISNIS:** The Business Information Service for the Newly Independent States (BISNIS). Countries covered: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Russia, Ukraine, Uzbekistan. Web: www.bisnis.doc.gov Tel: +(202) 482-4655, Fax + (202) 482-2293.